

**2002 Household Goods Carriers
Annual Report Analysis
With
Comparison of Financial and
Operational Statistics
For the Years 1998 through 2001**

**Research & Analysis Section
Transportation Division**

Working Paper 2004-01

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TABLE OF CONTENTS

| | |
|--|-----------|
| INTRODUCTION..... | 2 |
| LOCATION OF CARRIERS | 3 |
| PART I - ALL FOR-HIRE TRUCKING OPERATIONS | 5 |
| PART 2 - ILLINOIS INTRASTATE HOUSEHOLD GOODS ACTIVITY | 7 |
| INTERSTATE VS. INTRASTATE BUSINESS ACTIVITY | 7 |
| ILLINOIS INTRASTATE HOUSEHOLD GOODS REVENUE AND SHIPMENTS: | 8 |
| STORAGE: | 10 |
| SUMMARY | 11 |

INTRODUCTION

Illinois Commercial Transportation Law authorizes the Illinois Commerce Commission's Transportation Division to regulate the operating authorities, rates, and business practices of intrastate household goods moving companies. As required by Commission regulation, all licensed Illinois household goods carriers must submit to the Commission an annual report that includes financial and operational information. Although annual reports are not audited and the information in them is accepted in good faith, the reports are reviewed to assure that they are complete and that the information in them is financially reasonable and operationally feasible.

Annual reports filed by licensed motor carriers are public documents and are available upon request. Analysis of annual report information from prior years is available on the Commission web site <http://www.icc.state.il.us>.

Carriers that fail to file a properly completed annual report by the May 15th statutory filing date are given a 30-day written notice prior to revocation of their household goods authority. Carriers may request a one-time 60-day extension in time to file the report. Nine carriers were revoked for failure to file their 2002 Annual Report.

The Annual Report is divided into three parts. Part 1 requests information for all transportation activities including household goods moves, storage, general freight and other transportation operations. Part 2 requests information about Illinois intrastate household goods activity. The mover reports the number of moves made within Illinois, both local moves (hourly moves, less than 35 miles) and weight-distance moves (over 35 miles requiring the shipments to be weighed) and the revenue derived from all intrastate household goods shipments. The mover also indicates if storage facilities are provided. The third part of the annual report requests the names of each stockholder, partner or owner with telephone numbers and percentage of ownership, as well as the company's federal employer identification number. If a change in ownership of the company has occurred during the year, the mover is required to check the appropriate box. Finally, the annual report requests that the individual filing the report provide, their name, title, telephone number, fax-number, email address and signature, indicating that the information submitted is accurate.

The following analysis first describes the location of the licensed moving companies and then summarizes the data submitted for 2002, beginning with Part 1 of the Annual Report and proceeding to Part 2. Included within the discussion of the information for each part of the Annual Report is a comparison of 2002 information to prior years' data.

LOCATION OF CARRIERS

Of the 347 licensed movers, 292 are “active” carriers, that is, they are actively engaged in Illinois intrastate household goods operations, from point to point within Illinois. Most of these active intrastate moving companies are located in Illinois, but 23 companies are headquartered outside of Illinois. Cook County has the largest number of active movers with 132 companies. Nearly 64 percent, or 185 of the 292 active movers are headquartered in four counties of northeastern Illinois: Cook, DuPage, Kane and Lake. The remaining 36 percent of active movers are spread throughout the other counties of Illinois. Table 1 captures the number of active intrastate movers in each county and Figure 1 illustrates the dispersion of the companies across Illinois by county.

| TABLE 1: Number of Active Movers by County | | | |
|---|-----|----------------------|-----|
| Adams | 1 | Madison | 2 |
| Bureau | 1 | Marion | 1 |
| Champaign | 6 | Massac | 1 |
| Cook | 132 | McDonough | 1 |
| Dekalb | 3 | McHenry | 5 |
| DuPage | 31 | Morgan | 1 |
| Edgar | 1 | McLean | 2 |
| Effingham | 1 | Peoria | 7 |
| Fulton | 2 | Perry | 1 |
| Grundy | 1 | Rock Island | 4 |
| Jackson | 2 | Sangamon | 6 |
| Jefferson | 1 | St. Clair | 4 |
| Kane | 10 | Stephenson | 2 |
| Kankakee | 1 | Tazewell | 1 |
| Kendall | 2 | Whiteside | 1 |
| Knox | 2 | Will | 7 |
| Lake | 12 | Williamson | 1 |
| LaSalle | 2 | Winnebago | 5 |
| Lee | 1 | Outside Illinois | 23 |
| Macon | 3 | Total | 292 |
| Macoupin | 2 | Active Movers | |

The next section of this analysis discusses operational and financial information reported in Part 1 of the 2002 Annual Reports for 347 licensed household goods carriers.

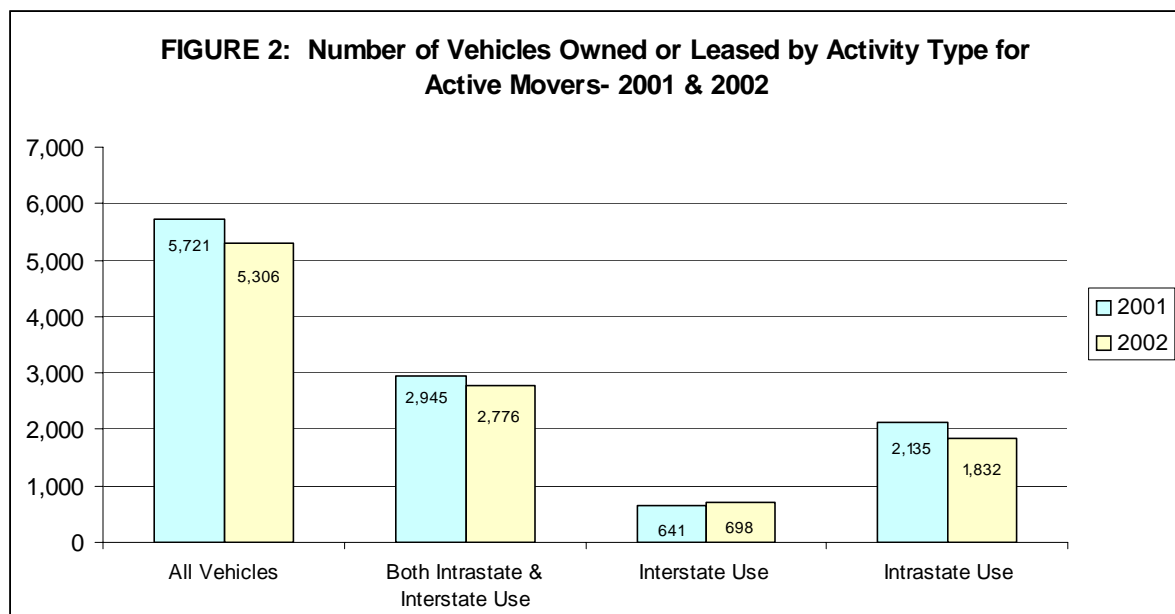


PART I - ALL FOR-HIRE TRUCKING OPERATIONS

In Part 1 there is no distinction between interstate or intrastate household goods, general freight hauling or other for-hire transportation operations conducted by the carrier. This part of the annual report requests information on the motor carrier's overall operations with questions regarding the number of trucks and their use in intrastate and/or interstate activity, total miles traveled, number of employees and total company revenue and expense.

Out of the 347 annual reports for calendar year 2002 that the Commission received from motor carriers licensed to transport household goods, seven reported no for-hire transportation activity of any kind. The remaining 340 companies employed over 12,000 people, generated \$1.2 billion in total for-hire transportation revenue and logged 315 million miles for the year, or 67 thousand miles per truck.

Figure 2 shows that the total number of vehicles used by active carriers decreased seven percent in 2002 with a 5.7 percent decrease in the number of trucks that are used for both intrastate and interstate activity, a 14.2 percent decrease in the number of trucks used only for intrastate activity, but a 8.9 percent increase in the number of trucks used only for interstate moves.

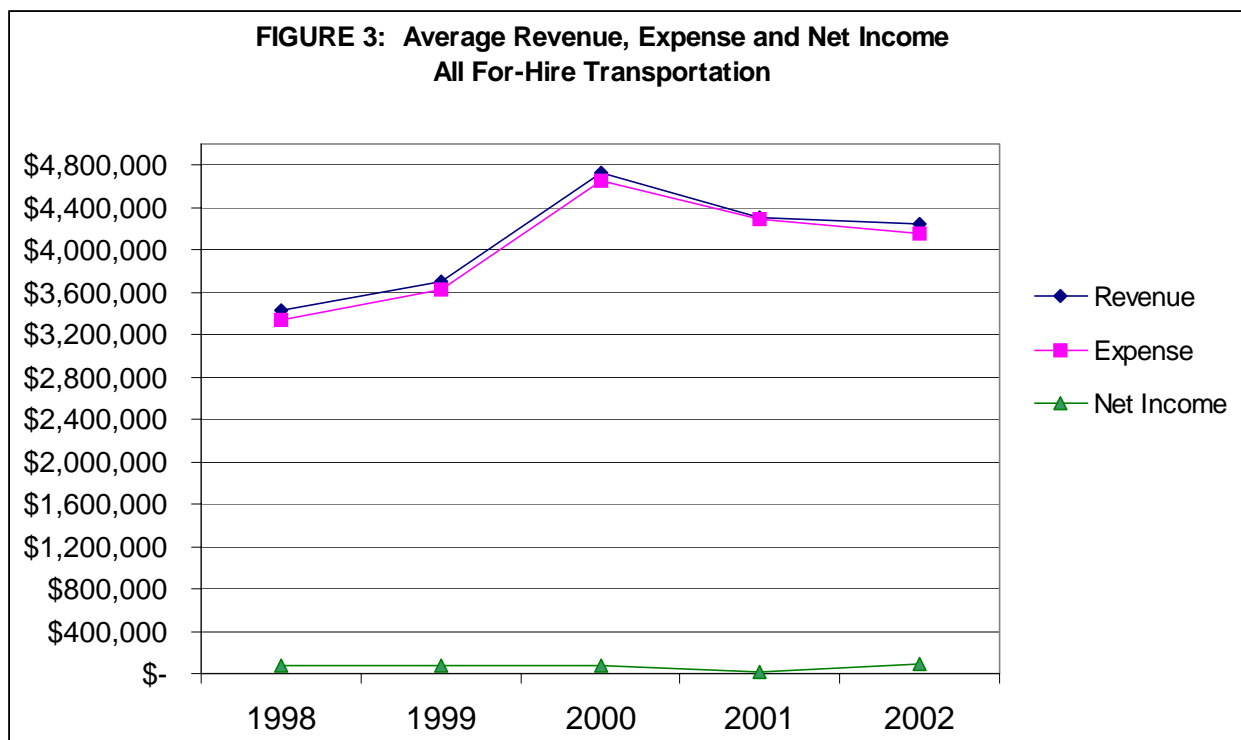


Total company revenue and expense for all operations, including but not limited to intrastate household goods moves, for active movers from 1998 through 2002 is shown in Table 2. Operating ratios (division of total expenses by total revenues) steadily increased from 97.6 percent in 1998 to 99.6 percent in 2001 with revenue that barely covered expenses. In 2002, although revenue decreased, expenses decreased by a slightly higher percentage and the

operating ratio improved, returning to levels comparable to those computed for 1998 and 1999.

| Table 2: Revenue, Expense & Net Income From Operations For Intrastate Movers | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| 1998-1999-2000-2001-2002 | | | | | |
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
| Revenue | \$ 1,095,023,429 | \$ 1,178,281,328 | \$ 1,508,397,841 | \$ 1,348,151,621 | \$ 1,237,372,983 |
| Expense | \$ 1,068,489,308 | \$ 1,151,924,374 | \$ 1,482,160,235 | \$ 1,342,220,607 | \$ 1,211,715,477 |
| Net Income | \$ 26,534,121 | \$ 26,356,954 | \$ 26,237,606 | \$ 5,931,014 | \$ 25,657,506 |
| Operating Ratio | 97.6% | 97.8% | 98.3% | 99.6% | 97.9% |

Figure 3 graphs the average revenue, expense and net income for total company operations showing the pattern of growth and decline for active intrastate movers.

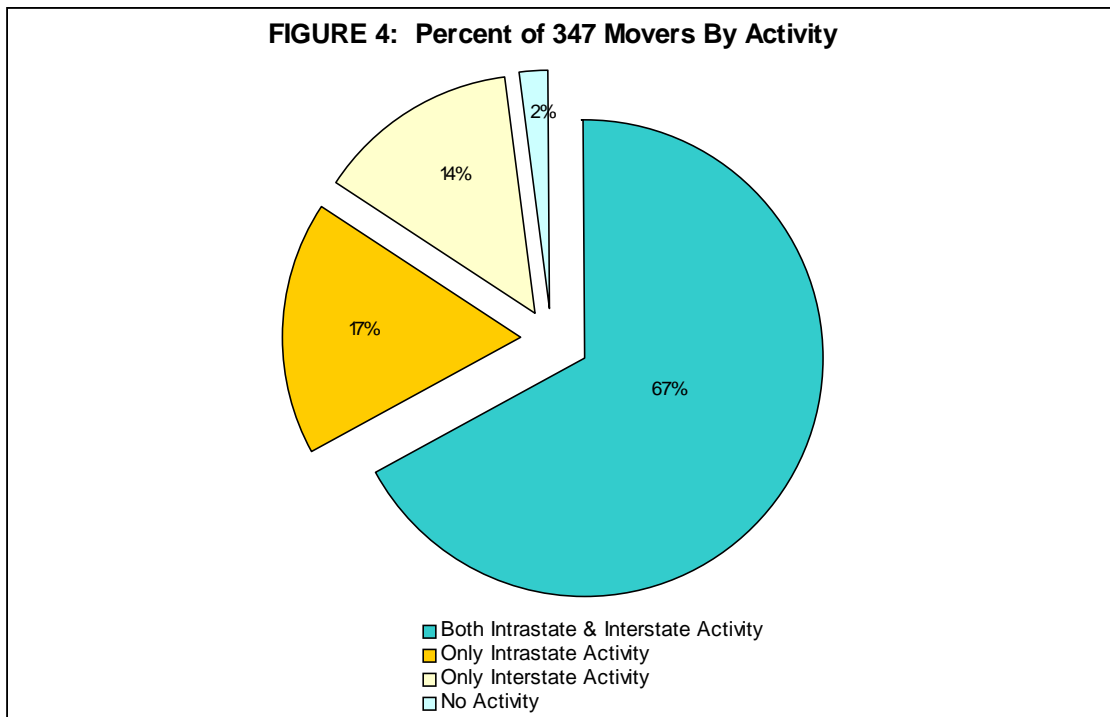


The next section of this analysis discusses Illinois intrastate household goods activity reported in Part 2 of the 2002 Annual Reports for 292 licensed household goods carriers active in intrastate moves from point to point within Illinois.

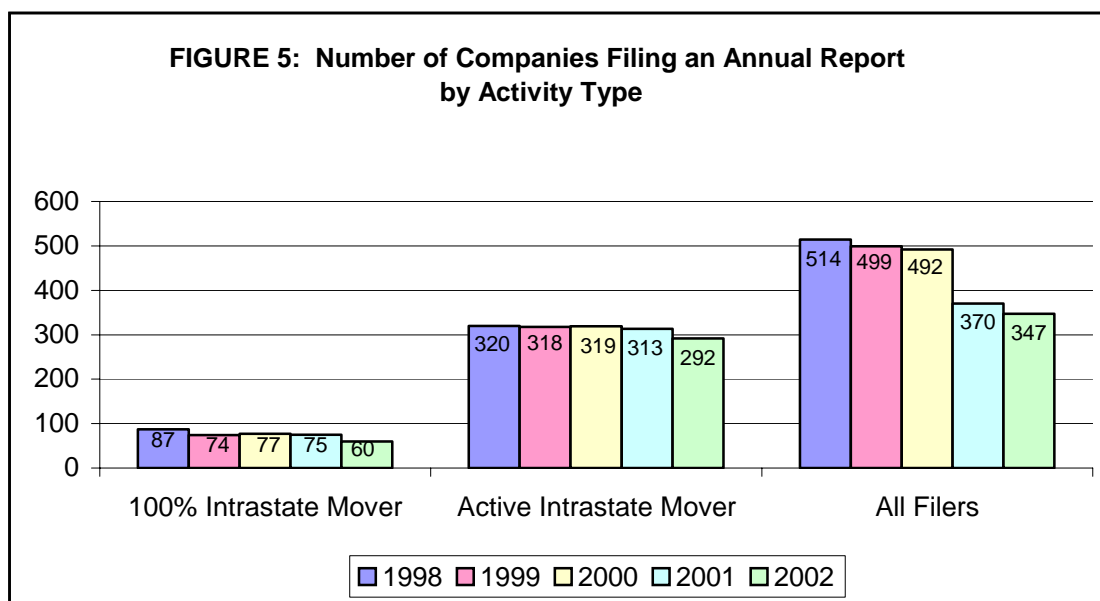
PART 2 - ILLINOIS INTRASTATE HOUSEHOLD GOODS ACTIVITY

Interstate vs. Intrastate Business Activity

Licensed movers actively provide different levels of intrastate moving service. Figure 4 shows that 67 percent, or 232 of the licensed carriers report both interstate and intrastate activity and 17 percent, or 60 carriers are engaged exclusively in intrastate business activity. Together, 292 companies, or 84 percent of the licensed carriers provided some type of intrastate moving services. The total of 48 companies, or 14 percent, who engage only in interstate moving activity and 7 household goods carriers, or two percent, who report no moving activity for the year 2002 shows that 55 carriers, or 16 percent, of the licensed carriers did not provide intrastate services in 2002.



The 84-16 percent split between active and inactive licensed movers is similar to figures reported last year, but within the 84 percent, the number and percent of companies that are exclusively conducting intrastate moves has shifted. The number of carriers who reported earning 100 percent of their revenue from intrastate activity declined over 20 percent from 75 companies in 2001 to 60 companies in 2002. Figure 5 shows this drop as well as the 6 percent reduction in number of active intrastate movers from 313 in 2001 to 292 in 2002. The decline in licensed carriers between 2000 and 2001 from 370 to 347 was due primarily to the voluntary revocation of 84 dormant motor carriers.

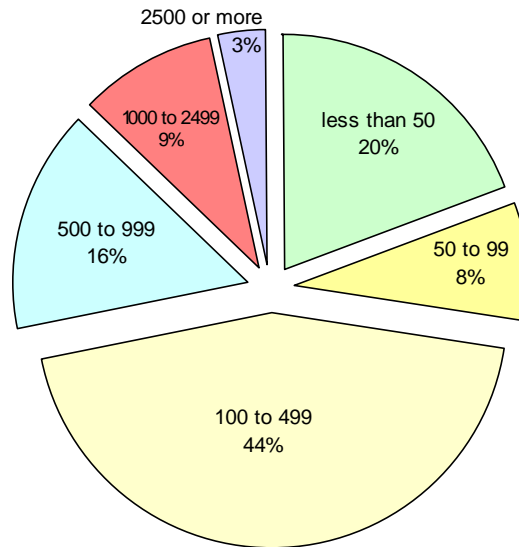


Illinois Intrastate Household Goods Revenue and Shipments:

In 2002, the 292 active carriers report that 131,940 or 91 percent of all intrastate shipments were local moves of less than 35 miles, which are hourly rated. Shipments greater than 35 miles, when not wholly within Cook County, are required to be rated on a weight distance basis; and, in 2002, there were 12,617 shipments, or approximately nine percent of the total intrastate moves were weight distance shipments. If (or when) proposed rules are adopted intrastate shipments may be hourly rated not only when the distance from the point of origin to the final destination is less than 35 miles, but also when both the point of origin and the final destination of a shipment are within the area covered by the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will.

Figure 6 reflects the percentage of companies by number of shipments made for the year 2002. The majority of active carriers, 72 percent, provided fewer than 500 intrastate shipments of which 57 carriers or 20 percent reported less than 50 intrastate shipments for the year. Only 12 percent or 37 carriers reported making more than 1,000 intrastate shipments last year of which 10 carriers reported 2,500 or more shipments. The distribution of companies' shipments parallels the activity reported in 2001.

FIGURE 6: Percentage of Active Motor Carriers by Number of Shipments



With over 144,000 for-hire household goods shipments within Illinois last year generating approximately \$107 million in annual revenue, the average consumer cost was \$755 per move. Figure 7 shows these costs as average revenue per shipment for moving companies, which increased from \$694 in 1998 to \$745 in 2001 to \$755 in 2002.

FIGURE 7: Average Revenue per Intrastate Shipment

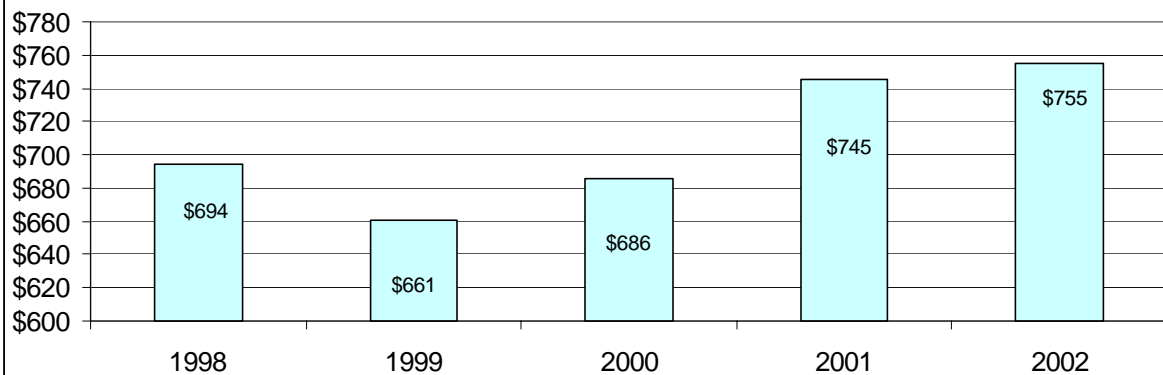


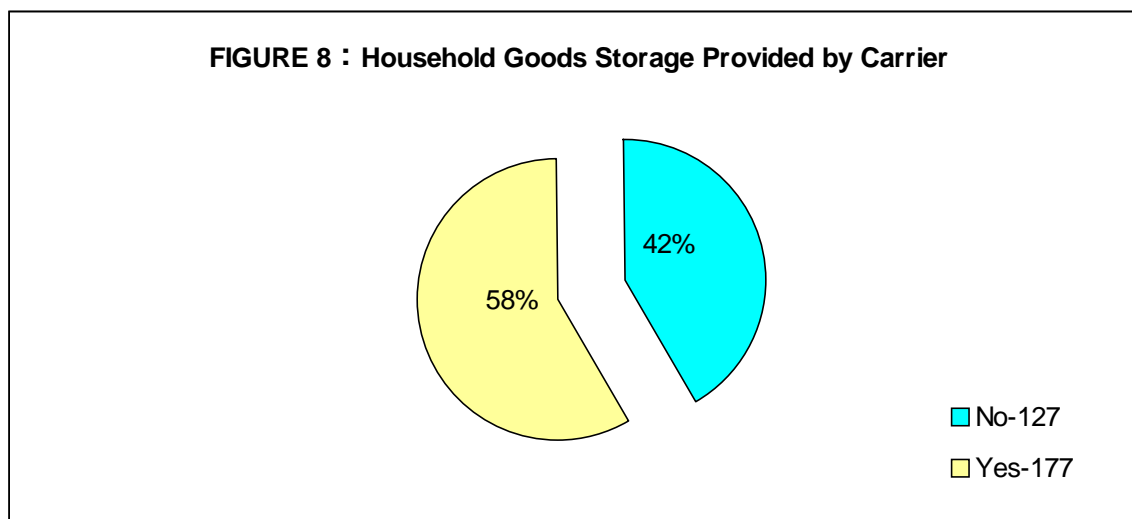
Table 3 shows the total number of intrastate (local and weight distance (WT-DIST)) shipments as well as the intrastate revenue generated by the top five percent of the carriers based on number of shipments. The last column indicates ranking based on intrastate revenue. The top five percent, or 14 carriers,

account for 31 percent of all intrastate shipments made during calendar year 2002 and 27 percent of all intrastate revenue generated for 2002.

| Table 3: Top 5 % Active Moving Companies Based on Total Shipments | | | | | |
|--|----------------------|-------|---------|--------------------|------|
| Company | INTRASTATE SHIPMENTS | | | INTRASTATE REVENUE | |
| | Total | Local | WT-DIST | Dollars | Rank |
| MIDWAY MOVING & STORAGE, INC. | 7609 | 7578 | 31 | \$ 3,448,798 | 2 |
| GOLAN'S MOVING AND STORAGE, INC. | 4454 | 4454 | 0 | \$ 3,635,278 | 1 |
| PUBLIC STORAGE PICKUP & DELIVERY, LP | 3725 | 3725 | 0 | \$ 534,328 | 61 |
| NORTH SHORE MOVERS, INC. | 3244 | 3217 | 27 | \$ 3,218,097 | 3 |
| BREDA MOVING COMPANY, INC. | 3240 | 3200 | 40 | \$ 2,175,000 | 6 |
| JOEY'S MOVERS & TRUCKING, INC. | 3100 | 2200 | 900 | \$ 801,400 | 35 |
| AFFORDABLE MOVING CO., INC. | 3020 | 1887 | 1133 | \$ 2,004,982 | 9 |
| JACKSON MOVING SERVICES, INC. | 2805 | 2800 | 5 | \$ 1,373,778 | 20 |
| SAMSON CHICAGOLAND MOVERS, INC. | 2796 | 2380 | 416 | \$ 1,885,155 | 12 |
| EZ MOVERS, INC. | 2783 | 2783 | 0 | \$ 1,698,773 | 15 |
| REEBIE STORAGE & MOVING COMPANY, INC. | 2350 | 2300 | 50 | \$ 2,936,000 | 4 |
| SORAGHAN MOVING & STORAGE, INC. | 2233 | 2167 | 66 | \$ 1,890,342 | 11 |
| ALL MY SONS MOVING & STORAGE, INC. | 2196 | 2153 | 43 | \$ 1,674,537 | 16 |
| ALL CHICAGOLAND MOVING & STORAGE COMPANY | 1850 | 1800 | 50 | \$ 2,100,000 | 6 |

Storage:

Carriers that provide household goods storage for their customers are licensed by the Illinois Department of Agriculture, Warehouse Division. In Part 2 of the annual report carriers indicate to the Commission if they provide storage for household goods. Figure 8 captures the carriers' responses, showing that 42 percent do not provide storage and 58 percent do offer storage for household goods. Under proposed rules, each carrier, prior to loading at the point of origin, must prepare a written inventory for each intercity shipment and for shipments when any type of storage service is requested.



SUMMARY

For analysis purpose, an active carrier is defined as having generated at least one dollar in revenue for household goods shipments wholly within Illinois. For the calendar year 2002, 347 household goods carriers filed an annual report. Fifty-five reported no intrastate household goods activity, resulting in the identification of 292 companies as active intrastate household goods carriers.

- Approximately 64 percent of the 292 active carriers are headquartered in four counties in northeastern Illinois: Cook, DuPage, Kane and Lake. Except for 23 carriers or eight percent that are headquartered outside of Illinois, the remaining 28 percent of the active intrastate movers are located throughout the state within 35 counties.
- Moving companies reported employing over 12,000 people, generating \$1.2 billion in total for-hire transportation revenue and logging 315 million miles for the year, or 67 thousand miles per truck.
- The total number of vehicles used by active carriers decreased seven percent from 5,721 in 2001 to 5,306 in 2002, but there was a nine percent increase in trucks used only for interstate moves from 641 in 2001 to 698 in 2002.
- Operating ratios increased from 97.6 percent in 1998 to 99.6 percent in 2001, but showed improvement in 2002 with an operating ratio for the industry of 97.9 percent, similar to levels reported in 1998.
- Licensed movers provide different levels of intrastate moving service. The majority of carriers were involved in interstate moving and not solely dependent on moving household goods within Illinois as a primary source of revenue. 67 percent, or 232 of the licensed carriers report both interstate and intrastate activity while 17 percent, or 60 carriers are engaged exclusively in intrastate business activity. Together, 292 companies, or 84 percent of the licensed carriers provided some type of intrastate moving services.
- The vast majority of active carriers are small companies. During the year 2002, the majority of active carriers, 72 percent, provided fewer than 500 intrastate shipments of which 57 carriers or 20 percent reported less than 50 intrastate shipments for the year.
- The total number of household goods carriers filing an annual report dropped from 514 in 1998 to 347 in 2002 primarily because 84 dormant carriers voluntarily revoked their authorities in 2001. Overall the number of active intrastate movers has not changed significantly over the past 5 years. However, the number of active carriers earning 100 percent of their revenue

from Illinois intrastate shipments has decreased from 87 carriers in 1998 to 60 carriers in 2002.

- With over 144,000 for-hire household goods shipments within Illinois last year generating approximately \$107 million in annual revenue, the average consumer cost was \$755 per move.
- Using the total number of intrastate shipments as a ranking, the top 5 percent of active carriers accounted for approximately 31 percent of all intrastate shipments and 27 percent of all intrastate revenue generated during the year 2002.